



Louisville Gas and Electric Company
220 West Main Street
PO Box 32010
Louisville, Kentucky 40232

December 31, 2003

Mr. Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40601

**RE: *In the Matter of: An Examination of Louisville Gas and Electric
Company's Prepaid Gas and Electric Service - Case No. 2002-00232***

Dear Mr. Dorman:

Pursuant to Ordering Paragraph 9 of the Commission's Order dated March 28, 2003, in the above-cited case, Louisville Gas and Electric Company files herewith an original and eight (8) copies of its response to the information requested in Appendix B of said order.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Very truly yours,

A handwritten signature in cursive script, appearing to read "John Wolfram".

John Wolfram
Manager, Regulatory Policy and Strategy

Enclosures

**Louisville Gas and Electric Company's
Semi-Annual Report on the Prepaid Metering Program
For the Period May – October 2003
Pursuant to PSC Orders Dated March 28, 2003 and May 7, 2003
In Case No. 2002-00232**

**LG&E Prepaid Metering Report
December 2003**

Q1. State the number of program participants on the first day of the reporting period and at month's end for each month in the reporting period.

A1.

Month - 2003	Number of participants at beginning of month	Number of participants at end of month
May	376	367
June	367	401
July	401	389
Aug	389	366
September	366	355
October	355	376

Q2. a) List a schedule identifying, by category and amount, all costs of the prepaid meter program for the reporting period including, but not limited to, direct and allocated labor costs of employees involved in operating and administering the prepaid meter program, the costs of program-related training, and the costs of program-related service calls.

b) Please provide an analysis of any embedded costs that have been reduced due to employees that regularly work with customers on payment issues being required to do less of such work due to this program.

A2. a)	Ampy	\$	121,000
	Diebold	\$	1,100
	PC Hardware	\$	3,400
	IT Management	\$	59,000
	CIS Programming	\$	97,000
	Project Mgmt.	\$	39,000
	Equip. Testing	\$	32,000
	<u>Cash Collection</u>	<u>\$</u>	<u>4,000</u>
	Total	\$	356,500

b) Due to the limited number of customers currently in the program and the stage of conversion to new meter product, no appreciable cost reductions have yet been realized.

Q3. For each participant joining the program, the amount of arrearage when the participant joined the program and at the end of the reporting period.

A3.

Account #	PAYG Start Date	Starting Arrears	PAYG Exit Date	Current or Ending Arrears	Date Paid
xxxxxx63280002	6/17/03	\$478.07	n/a	\$0.00	10/11/03
xxxxxx 97176004	6/17/03	\$187.06	n/a	\$0.00	10/22/03
xxxxxx 29927001	6/17/03	\$276.45	n/a	\$30.45	n/a
xxxxxx 63074002	6/16/03	\$156.37	n/a	\$0.00	10/12/03
xxxxxx 47294002	6/16/03	\$211.84	n/a	\$4.24	n/a
xxxxxx 82486006	6/18/03	\$252.13	n/a	\$0.00	8/30/03
xxxxxx 17368001	6/19/03	\$829.15	n/a	\$322.15	n/a
xxxxxx 82162002	6/19/03	\$757.25	n/a	\$123.98	n/a
xxxxxx 84788005	6/20/03	\$521.47	n/a	\$277.67	n/a
xxxxxx 71551002	6/20/03	\$657.85	n/a	\$86.95	n/a
xxxxxx 23032001	6/20/03	\$721.21	n/a	\$244.14	n/a
xxxxxx 55762003	6/20/03	\$404.25	n/a	\$83.10	n/a
xxxxxx 55797004	6/24/03	\$804.63	n/a	\$554.26	n/a
xxxxxx 97171006	6/20/03	\$74.17	n/a	\$0.00	9/28/03
xxxxxx 65147003	5/13/03	\$0.00	n/a	\$0.00	n/a
xxxxxx 98430001	5/27/03	\$381.44	n/a	\$0.00	11/15/03
xxxxxx 71637005	6/5/03	\$345.71	n/a	\$206.81	n/a
xxxxxx 53468002	6/3/03	\$161.29	n/a	\$0.00	7/28/03
xxxxxx 23516001	6/5/03	\$119.09	n/a	\$0.00	8/27/03
xxxxxx 04340005	6/9/03	\$249.09	n/a	\$171.79	n/a
xxxxxx 00262004	6/18/03	\$62.77	n/a	\$58.79	n/a
xxxxxx 67530003	6/9/03	\$285.10	n/a	\$93.70	n/a
xxxxxx 09565001	6/9/03	\$146.36	n/a	\$0.00	8/10/03
xxxxxx 29233002	6/11/03	\$154.61	n/a	\$0.00	8/28/03
xxxxxx 13204001	6/12/03	\$326.91	n/a	\$0.00	10/13/03
xxxxxx 54053002	6/16/03	\$602.59	n/a	\$293.29	n/a
xxxxxx 96775003	6/16/03	\$117.01	n/a	\$0.00	9/10/03
xxxxxx 98720003	6/23/03	\$234.15	n/a	\$0.00	8/16/03
xxxxxx 29050003	6/24/03	\$0.00	n/a	\$0.00	n/a
xxxxxx 78514005	6/24/03	\$367.47	n/a	\$0.00	11/20/03
xxxxxx 66622001	6/25/03	\$283.31	n/a	\$0.00	9/3/03
xxxxxx 44433003	7/1/03	\$328.14	n/a	\$113.04	n/a
xxxxxx 83256003	7/1/03	\$125.83	n/a	\$0.00	8/29/03
xxxxxx 53804001	7/3/03	\$20.94	n/a	\$0.00	9/2/03
xxxxxx 67790001	7/8/03	\$13.14	n/a	\$0.00	8/30/03
xxxxxx 19808007	7/3/03	\$639.54	n/a	\$402.24	n/a
xxxxxx 32379003	7/18/03	\$305.46	n/a	\$148.97	n/a
xxxxxx 04033004	7/21/03	\$318.84	n/a	\$285.09	n/a

Account #	PAYG Start Date	Starting Arrears	PAYG Exit Date	Current or Ending Arrears	Date Paid
xxxxxx 98905002	8/15/03	\$0.00	n/a	\$0.00	n/a
xxxxxx 24122002	9/3/03	\$0.00	n/a	\$0.00	n/a
xxxxxx 93313002	9/10/03	\$0.00	n/a	\$0.00	n/a
xxxxxx 85437007	9/17/03	\$431.23	n/a	\$310.33	n/a
xxxxxx 25385004	9/24/03	\$0.00	n/a	\$0.00	n/a
xxxxxx 29403003	7/12/02	\$75.36	n/a	\$0.00	11/6/03
xxxxxx 75985003	9/24/03	\$64.19	11/10/03	\$0.00	n/a
xxxxxx 25699001	7/21/03	\$327.29	12/5/03	\$0.00	n/a
xxxxxx 34983002	7/8/03	\$596.69	10/21/03	\$352.19	n/a
xxxxxx 90081002	5/15/03	\$133.43	10/14/03	\$0.00	10/14/03
xxxxxx 27895001	6/3/03	\$290.26	9/24/03	\$206.86	n/a
xxxxxx 78368003	6/9/03	\$233.46	10/1/03	\$167.76	n/a
xxxxxx 29091001	6/9/03	\$414.14	8/13/03	\$352.94	n/a
xxxxxx 01743003	6/12/03	\$321.18	9/3/03	\$141.03	n/a
xxxxxx 26025003	6/13/03	\$294.14	9/26/03	\$96.64	n/a
xxxxxx 07432002	6/13/03	\$261.39	12/5/03	\$173.49	n/a
xxxxxx 03155003	6/13/03	\$245.65	11/7/03	\$83.25	n/a
xxxxxx 82486006	6/16/03	\$252.13	12/17/03	\$0.00	8/30/03
xxxxxx 03315005	6/17/03	\$139.70	8/12/03	\$68.30	n/a
xxxxxx 25994003	6/17/03	\$383.35	9/4/03	\$271.52	n/a
xxxxxx 10621002	6/18/03	\$241.93	11/19/03	\$0.00	9/26/03
xxxxxx 34353003	6/19/03	\$395.31	8/11/03	\$181.48	n/a
xxxxxx 87755002	6/19/03	\$163.51	8/22/03	\$105.01	n/a
xxxxxx 85951001	6/23/03	\$122.71	10/10/03	\$0.00	9/8/03
xxxxxx 55234003	6/23/03	\$342.02	10/16/03	\$90.02	n/a
xxxxxx 85437006	6/25/03	\$620.50	8/21/03	\$563.50	n/a
xxxxxx 06285004	6/30/03	\$93.71	8/20/03	\$51.11	n/a
2000951163001	6/30/03	\$84.41	8/25/03	\$80.71	n/a
TOTALS		\$18,711.33		\$6,935.85	

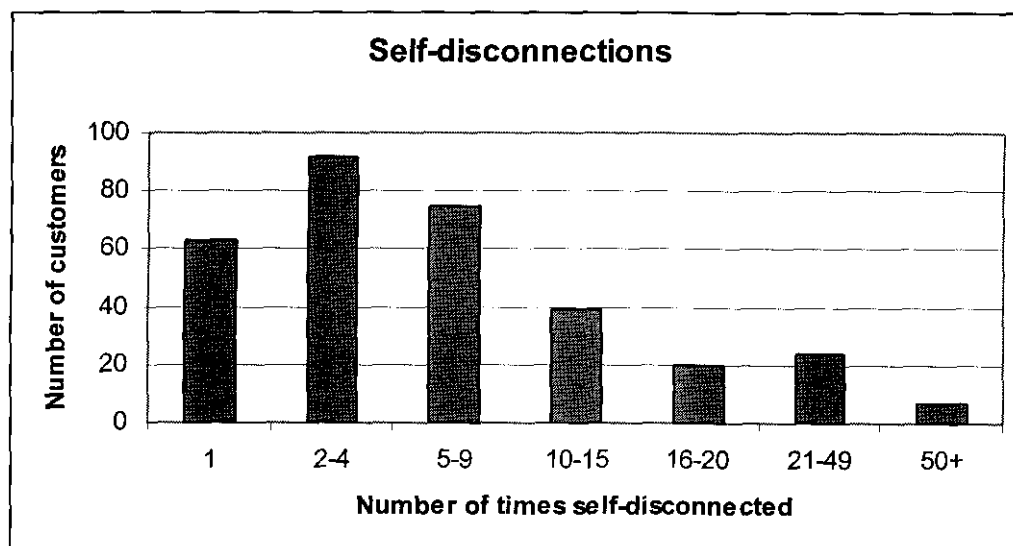
Q4. a) The number of disconnections by month, or the number of times that participants permitted their prepaid usage to run to zero from November through March;

b) The total amount of time disconnected customers were without service; and a schedule of how often participants disconnected.

A4. a) The months of November through March do not fall into this first reporting period. Data will be detailed in next report.

b) The Motorola equipment does not permit us to know the total amount of time customers are self-disconnected, only the number of times a customer self-disconnected.

Between April 1, 2003, and November 30, 2003, 320 customers permitted their purchased energy to run down to zero a total of 2855 times, which resulted in self-disconnection. 63 customers self-disconnected once, and only once. 31 customers self-disconnected 21 times or more. The maximum number of self-disconnects any one customer experienced was 116.



Q5. Provide a schedule comparing bad debt write-offs during the reporting period with the write-offs during the previous 6 months along with an analysis of how the operation of this program impacted the level of new bad debts and the amount written-off during the reporting period.

A5. Charge-off Comparison (Residential Only)

May 1, 2003 to October 31, 2003

Gross charge-offs \$3,430,807.05 (This amount includes an increase of approximately \$1,000,000.00 due to accounting change in charge-off process from 180 days to 120 days.)

November 1, 2002 to April 30, 2003

Gross charge-offs \$2,219,105.71

Due to the relatively small number of participants during the reporting period, the operation of the prepay meter program had no significant impact on the level of new bad debts and the amount written-off during the reporting period

Q6. LG&E should report on the effectiveness of, and any problems with, the new AMPY metering equipment. LG&E should identify if there are any breakdowns, repairs, and replacements, and the related costs it incurs that are not covered under the equipment warranties or recoverable from AMPY under the terms of such warranties.

A6. LG&E currently has no Ampy meter equipment in service. There have been no substantive problems with the Motorola meters or software during this reporting period.